

**TONGANOXIE  
UNIFIED SCHOOL DISTRICT NO. 464**

**REGULATORY BASIS FINANCIAL STATEMENTS  
For the year ended June 30, 2014**

And

**INDEPENDENT AUDITOR'S REPORTS ON FINANCIAL STATEMENTS**

...*KL*...

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***Karlin & Long, LLC***  
***Certified Public Accountants***

**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**

Board of Education  
Unified School District No. 464  
Tonganoxie, Kansas 66086

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the Unified School District No. 464, Tonganoxie, Kansas ("the Municipality") as of and for the year ended June 30, 2014, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the presentation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that is free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also

includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statement, the financial statement is prepared by the Unified School District No. 464, Tonganoxie, Kansas (“the Municipality”) meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Unified School District No. 464, Tonganoxie, Kansas (“the Municipality”) as of June 30, 2014, or changes in financial position and cash flows thereof for the year then ended.

### ***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Unified School District No. 464, Tonganoxie, Kansas (“the Municipality”) as of June 30, 2014, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

In accordance with “Government Auditing Standards”, we have also issued our report dated November 2, 2014, on our consideration of the District’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control of financial reporting or on compliance. That report is an integral part of an audit performed in accordance with “Government Audit Standards” and should be considered in assessing the results of our audit.

### ***Report on Supplementary Information***

Our audit was conducted for the purpose of forming opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures – agency funds (Schedules 1, 2, 3, 4 and 5 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The accompany schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S Office of Management and Budget Circular A-133, “Audits of States and Local Governments, and Non-Profit Organizations” and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

A handwritten signature in black ink that reads "Karlin & Long, LLC". The signature is written in a cursive, flowing style.

Karlin & Long, LLC  
Certified Public Accountants

Lenexa, KS  
November 2, 2014

**USD #464 TONGANOXIE, KANSAS**  
**Summary of Receipts, Expenditures, and Unencumbered Cash**  
**Regulatory Basis**  
**For the Year Ended June 30, 2014**

[illegible]

The notes to the financial statements are an integral part of this statement.

TONGANOXIE UNIFIED SCHOOL DISTRICT NO. 464  
Tonganoxie, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – Summary of Significant Accounting Policies**

**Financial Reporting Entity**

USD No.464 is a municipal corporation governed by an elected seven member board. This financial statement presents USD No. 464 (the municipality) and its related municipal entities. There are currently no organizations which meet the foregoing criteria for being combined in the District's report.

**Fund Descriptions**

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the year 2014:

**Governmental Funds**

**General Fund**– The chief operating fund. Used to account for the resources except those required to be accounted for in another fund.

**Special Purpose Funds** – Used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long term debt) that are intended for specified purposes.

**Bond and Interest Funds** – Used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

**Capital Project Funds** – Used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment



TONGANOXIE UNIFIED SCHOOL DISTRICT NO. 464  
Tonganoxie, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – Summary of Significant Accounting Policies (continued)**

**Fiduciary Funds**

**Agency Funds** – Funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, activity accounts, etc.).

**Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America**

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

**Reimbursed Expenses**

Expenditures in the amount of \$ 116,840 as classified as reimbursed expenses in the General Fund. Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement. Such expenditures are exempt from the budget laws under K.S.A. 79-2934

TONGANOXIE UNIFIED SCHOOL DISTRICT NO. 464  
Tonganoxie, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

**Budgetary Information**

Kansas Statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1<sup>st</sup>.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5<sup>th</sup>.
3. Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25<sup>th</sup>.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no budget amendments for the year 2014.

The statutes permit transferring budgeted amounts between accounts within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances with disbursements being adjusted for the prior year's accounts payable and encumbrances. Encumbrances are commitments by the district for future payments and are supported by a document evidencing the commitment, such

TONGANOXIE UNIFIED SCHOOL DISTRICT NO. 464  
Tonganoxie, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

**Budgetary Information (continued)**

as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end

A legal operating budget is not required for capital projects funds and trust funds and the following special purpose funds:

Textbook Student Material Fund	PEP Grant
Contingency Reserve Fund	Title IIA Fund
Title I Fund	
District Activity Funds	

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

**Inventories and Prepaid Expenses**

Inventories and prepaid expenses which benefit future periods are recorded as expenditures.

**Use of Estimates**

The process of preparing financial statements requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimates.

**NOTE 2 – Deposits and Investments**

**Deposits**

K.S.A. 9-1401 establishes the depositories which may be used by the government. The statute requires banks eligible to hold the government's funds have a main or branch bank in the county in which the government is

TONGANOXIE UNIFIED SCHOOL DISTRICT NO. 464  
Tonganoxie, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – Deposits and Investments (Continued)**

**Deposits (Continued)**

located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The government has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the government's investments of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The government has no investment policy that would further limit its investment choices. The District's investments are categorized to give an indication of the level or risk assumed by the entity at year end. Category 1 includes investments that are insured or registered, or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the dealer bank's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the dealer bank. Of the three risk categories, the investments classified in risk Category 1 have the least risk to the municipality

**Concentration of Credit Risk**

State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 9-1405.

<u>Investments</u>	<u>Percentage of Investments</u>
Kansas Municipal Investment Pool	100%

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal

TONGANOXIE UNIFIED SCHOOL DISTRICT NO. 464  
Tonganoxie, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – Deposits and Investments (Continued)**

**Custodial Credit Risk – Deposits (Continued)**

Home Loan Bank of Topeka, except during designated “peak periods” when required coverage is 50%. All deposits were legally secured at June 30, 2014.

At June 30, 2014, the government’s carrying amount of deposits was \$ 3,770,330 and the bank balance was \$ 4,184,968. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$351,446 was covered by federal depository insurance and the balance was collateralized with securities held by the pledging financial institutions’ agents in the district’s name.

	Risk			Carrying Amount	Market Value
	1	2	3		
Investments	-0-	-0-	-0-	-0-	-0-
Kansas Municipal Investment Pool				<u>\$ 9,819,791</u>	<u>\$ 9,819,791</u>

**Custodial Credit Risk – Investments**

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

As of June 30, 2014 the Municipality had invested \$ 9,819,791 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

TONGANOXIE UNIFIED SCHOOL DISTRICT NO. 464  
Tonganoxie, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 – Defined Benefit Pension Plan**

**Plan Description** – USD No. 232 participates in the Kansas Public Employees Retirement System (KPERS), a cost sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas; Topeka, KS 66603) or by calling 1-888-275-5737.

**Funding Policy** – K.S.A. 74-4919 and K.S.A. 74-4921 establishes the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depending on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate of 5% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414 (h) of the Internal Revenue Code.

The State of Kansas is required to contribute the statutory required employers share.

**NOTE 4 – Risk Management**

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the district carries commercial insurance. There have been no significant reductions in coverage from prior years and settlements have not exceeded coverage in the past three years.

**NOTE 5 – Stewardship, Compliance and Accountability**

We noted no violations of Kansas Statutes for the period under audit.

TONGANOXIE UNIFIED SCHOOL DISTRICT NO. 464  
Tonganoxie, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 – Compensated Absences**

The District's policy regarding sick pay is to grant certified and full – time classified personnel sick leave at the rate of one day per month up to maximum accumulation of the 10 days per contract year. The maximum number of sick days accumulated overall cannot exceed 120. Certified staff who use five or fewer days of their annual 10 sick days accumulation have the option of carrying one – half of their unused days over the next year, and being paid for the other half. The reimbursement is computed at .3% at the base salary per day, and is paid prior to June 30.

After ten years of service to the District, classified employees who are age 55 or older, and teachers who are eligible for full KEPERS retirement, are eligible to receive the current substitute rate per day for any unused accumulated sick leave at retirement. Vacation leave is earned only by the District's full – time employees. Any unused vacation time at June 30 may be accumulated only with the superintendent's permission.

**NOTE 7 – Contingency**

The District receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by federal and state agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the District's management, such disallowances, if any, will not be significant to the District's financial statements.

TONGANOXIE UNIFIED SCHOOL DISTRICT NO. 464  
Tonganoxie, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 – Interfund Transactions**

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	Virtual Education Fund	K.S.A. 72-6428	\$ 6,825
General Fund	Special Education Fund	K.S.A. 72-6428	2,529,077
General Fund	At-Risk Fund (K-12)	K.S.A. 72-6428	774,011
General Fund	Parent Education Fund	K.S.A. 72-6428	20,000
General Fund	Professional Development	K.S.A. 72-6428	5,000
General Fund	Capital Outlay Fund	K.S.A. 72-6428	400,000
General Fund	Vocational Education Fund	K.S.A. 72-6425	264,186
Supplemental General Fund	At-Risk Fund (K-12)	K.S.A. 72-6425	148,678
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6425	63,709
Drivers Education Fund	General Fund	K.S.A. 72-6460	64,924
Contingency Reserve Fund	General Fund	K.S.A. 72-6460	100,000

**NOTE 9 – Subsequent Events**

Subsequent events for management's review have been evaluated through November 2, 2014. The date in the prior sentence is the date the financial statements were available to be issued.

**NOTE 10 – Cash Basis Exception**

The State of Kansas statutes exempt all funds from a cash basis violation if the violation was as result of delayed payment by the state.

**NOTE 11 – In-Substance Receipt in Transit**

The district received \$ 643,912 subsequent to June 30, 2014 and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2014.



TONGANOXIE UNIFIED SCHOOL DISTRICT NO. 464  
Tonganoxie, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 12 – Indebtedness**

The District is subject to the statutes of the State of Kansas that limits the net bonded debt. The debt outstanding may not exceed 14% of the assessed value of all tangible taxable property within the District unless additional authority is granted by the Kansas State Board of Education. The amount of bonds outstanding is computed exclusive of certain bonds specifically exempted from this limitation. At June 30, 2014, the statutory limit for the district was \$13,040,198 thus creating excess indebtedness of \$ 26,719,802. The outstanding bond principal represents 42.69% of the District valuation.

## NOTES TO FINANCIAL STATEMENTS

## NOTE 13 -

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
<b>General Obligation Bonds</b>										
2005-A Issue	3.00% - 5.00%	3/15/05	\$ 15,725,000	9/1/30	\$ 12,690,000	\$	\$ 4,675,000	\$ (4,675,000)	\$ 8,015,000	\$ 994,113
2007-A Issue	3.90% - 4.10%	5/1/07	9,905,000	9/1/28	9,705,000		40,000	(40,000)	9,665,000	394,565
2008-A Issue	5.00%	6/30/08	550,000	9/1/31	550,000		0	0	530,000	26,500
2013-A Issue	2.00% - 4.00%	3/27/13	17,535,000	9/1/38	17,535,000			0	17,535,000	545,748
2014-A Issue	2.00% - 3.00%	2/15/14	4,015,000	9/1/22	0	4,015,000		4,015,000	4,015,000	-
<b>Capital leases payable</b>										
Facility Conservation Program	3.06%	2/13/12	2,005,104	7/15/23	1,849,199		155,521	(155,521)	1,693,678	55,405
Equipment Lease	3.97%	5/14/10	147,390	1/20/14	34,720		34,720	(34,720)	0	1,404
Technology upgrades	3.67%	4/18/11	168,915	4/18/15	87,673		42,911	(42,911)	44,762	3,262
Bus Lease	1.91%	6/15/12	326,000	12/1/16	260,764		63,336	(63,336)	197,428	5,027
Technology upgrades	1.87%	6/15/12	218,000	12/1/15	163,483		53,457	(53,457)	110,026	3,152
Technology upgrades	1.35%	5/28/13	314,667	5/28/17	314,667		76,308	(76,308)	238,359	4,248
<b>Total Long Term Debt</b>					\$ 43,170,506	\$ 4,015,000	\$ 5,141,253	\$ (1,126,253)	\$ 42,044,253	\$ 2,033,424
<b>Principal</b>	2015	2016	2017	2018	2019	2020-2024	2025-2029	2030-2034	2035-2039	Total
General Obligation Bonds	\$ 1,750,000	\$ 1,790,000	\$ 1,845,000	\$ 1,905,000	\$ 1,980,000	\$ 7,920,000	\$ 7,355,000	\$ 7,820,000	\$ 7,395,000	\$ 39,760,000
Special Assessment Bonds										0
Certificates of Participation										0
Capital Leases	401,462	364,980	320,064	175,608	181,023	841,116				2,284,253
Revenue Bonds										0
No-Fund Warrants										0
Temporary Notes										0
<b>Total Principal</b>	2,151,462	2,154,980	2,165,064	2,080,608	2,161,023	8,761,116	7,355,000	7,820,000	7,395,000	42,044,253
<b>Interest</b>										
General Obligation Bonds	1,448,757	1,401,252	1,347,644	1,291,091	1,227,987	5,116,285	3,666,069	2,011,968	690,370	18,201,423
Special Assessment Bonds										0
Certificates of Participation										0
Capital Leases	61,422	51,473	41,864	35,317	29,903	62,958				282,937
Revenue Bonds										0
No-Fund Warrants										0
Temporary Notes										0
<b>Total Interest</b>	1,510,179	1,452,725	1,389,508	1,326,408	1,257,890	5,179,243	3,666,069	2,011,968	690,370	18,484,360
<b>Total Principal and Interest</b>	\$ 3,661,641	\$ 3,607,705	\$ 3,554,572	\$ 3,407,016	\$ 3,418,913	\$ 13,940,359	\$ 11,021,069	\$ 9,831,968	\$ 8,085,370	\$ 60,528,613

**Unified School District No. 464, Tonganoxie Kansas**

**Regulatory-Required**

**Supplementary Information**

**For the year ended June 30, 2014**

**USD #464 TONGANOXIE, KANSAS**  
**Summary of Expenditures - Actual and Budget**  
**Regulatory Basis**  
**For the Year Ended June 30, 2014**

**Schedule 1**

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustments to Comply with Legal Max</u>	<u>Adjustments for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Over (Under)</u>
<b>Governmental Type Funds</b>						
General Funds						
General	\$ 10,994,311	\$ (154,758)	\$ 116,840	\$ 10,956,393	\$ 10,956,393	\$ 0
Supplemental General	3,672,963	(50,462)	0	3,622,501	3,622,501	0
<b>Special Purpose Funds</b>						
Vocational Education	280,597	0	0	280,597	276,917	(3,680)
Special Education	2,778,510	0	0	2,778,510	2,521,941	(256,569)
Driver Training	95,000	0	0	95,000	82,781	(12,219)
Food Service	925,836	0	0	925,836	806,592	(119,244)
Capital Outlay	1,500,926	0	0	1,500,926	868,089	(632,837)
Gifts and grants	15,216	0	0	15,216	5,646	(9,570)
Extraordinary Growth Facilities Program	380,000	0	0	380,000	370,236	(9,764)
Professional Development	51,414	0	0	51,414	37,441	(13,973)
KPERS Special Contribution	880,036	0	0	880,036	880,019	(17)
Parent Education	20,000	0	0	20,000	18,800	(1,200)
At-Risk Fund (K-12)	937,623	0	0	937,623	922,689	(14,934)
	27,000	0	0	27,000	6,825	(20,175)
<b>Bond and Interest Funds</b>						
Bond and Interest	2,370,926	0	0	2,370,926	2,370,926	0

USD #464 TONGANOXIE, KANSAS  
GENERAL FUND  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 1,646,452	\$ 1,557,066	\$ 89,386
Delinquent tax	52,129	39,364	12,765
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants	8,976,048	9,227,881	(251,833)
Charges for services			0
Interest income			0
Miscellaneous revenues	116,840		116,840
Operating transfers	<u>164,924</u>	<u>170,000</u>	<u>(5,076)</u>
Total Cash Receipts	<u>10,956,393</u>	<u>10,994,311</u>	<u>(37,918)</u>
EXPENDITURES			
Instruction	5,949,987	5,957,000	(7,013)
Student support services	175,411	213,200	(37,789)
Instruction support staff	148,464	188,900	(40,436)
General administration	68,913	50,000	18,913
School administration			0
Operations and maintenance			0
Student transportation services	535,639	498,100	37,539
Central support services			0
Other support services	54,539	47,100	7,439
Food service operations			0
Student activities	24,341	12,000	12,341
Facility acquisition and construction services			0
Debt service			0
Operating transfers	3,999,099	4,028,011	(28,912)
Adjustment to comply with legal max		(154,758)	154,758
Adjustment for qualifying budget credits		<u>116,840</u>	<u>(116,840)</u>
Total Expenditures	<u>10,956,393</u>	<u>\$ 10,956,393</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>		

USD #464 TONGANOXIE, KANSAS  
SUPPLEMENTAL GENERAL FUND  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2014

	Actual	Budget	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 1,752,648	\$ 1,778,306	\$ (25,658)
Delinquent tax	53,176	38,481	14,695
Motor vehicle tax	240,849	267,085	(26,236)
RV tax	3,736	3,880	(144)
Federal grants			0
State aid/grants	1,550,366	1,546,193	4,173
Charges for services			0
Interest income			0
Miscellaneous revenues		100,000	(100,000)
Operating transfers			0
Total Cash Receipts	<u>3,600,775</u>	<u>3,733,945</u>	<u>(133,170)</u>
EXPENDITURES			
Instruction	318,518	255,235	63,283
Student support services	11,504	13,000	(1,496)
Instruction support staff	347,840	376,500	(28,660)
General administration	349,478	268,000	81,478
School administration	657,279	810,888	(153,609)
Operations and maintenance	1,442,834	1,508,000	(65,166)
Student transportation services			0
Central support services			0
Other support services	282,668	277,728	4,940
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	212,380	163,612	48,768
Adjustment to comply with legal max		(50,462)	50,462
Adjustment for qualifying budget credits			0
Total Expenditures	<u>3,622,501</u>	<u>\$ 3,622,501</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(21,726)		
Unencumbered Cash, Beginning	113,766		
Prior Year Cancelled Encumbrances			
Unencumbered Cash, Ending	<u>\$ 92,040</u>		

USD #464 TONGANOXIE, KS  
 VOCATIONAL EDUCATION FUND  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants	24,118	5,597	18,521
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>327,888</u>	<u>275,000</u>	<u>52,888</u>
Total Cash Receipts	<u>352,006</u>	<u>280,597</u>	<u>71,409</u>
EXPENDITURES			
Instruction	276,917	280,597	(3,680)
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>276,917</u>	<u>\$ 280,597</u>	<u>\$ (3,680)</u>
Receipts Over (Under) Expenditures	75,089		
Unencumbered Cash, Beginning	14,783		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 89,872</u>		

USD #464 TONGANOXIE, KS  
SPECIAL EDUCATION FUND  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>2,529,077</u>	<u>2,527,000</u>	<u>2,077</u>
Total Cash Receipts	<u>2,529,077</u>	<u>2,527,000</u>	<u>2,077</u>
EXPENDITURES			
Instruction	2,306,695	2,591,810	(285,115)
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services	215,246	186,700	28,546
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>2,521,941</u>	<u>\$ 2,778,510</u>	<u>\$ (256,569)</u>
Receipts Over (Under) Expenditures	7,136		
Unencumbered Cash, Beginning	428,368		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 435,504</u>		



USD #464 TONGANOXIE, KS  
 DRIVER TRAINING FUND  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants	5,695	7,705	(2,010)
Charges for services	12,275	15,000	(2,725)
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>          </u>	<u>          </u>	<u>          </u>
Total Cash Receipts	<u>17,970</u>	<u>22,705</u>	<u>(4,735)</u>
<b>EXPENDITURES</b>			
Instruction	14,818	19,000	(4,182)
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance	3,039	6,000	(2,961)
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	64,924	70,000	(5,076)
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenditures	<u>82,781</u>	<u>\$ 95,000</u>	<u>\$ (12,219)</u>
 Receipts Over (Under) Expenditures	 (64,811)		
Unencumbered Cash, Beginning	76,035		
Prior Year Cancelled Encumbrances	<u>0</u>		
 Unencumbered Cash, Ending	 <u>\$ 11,224</u>		

USD #464 TONGANOXIE, KS  
 FOOD SERVICE FUND  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants	394,395	378,147	16,248
State aid/grants	9,555	8,316	1,239
Charges for services	487,238	339,948	147,290
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>          </u>	<u>          </u>	<u>          </u>
Total Cash Receipts	<u>891,188</u>	<u>726,411</u>	<u>164,777</u>
EXPENDITURES			
Instruction			0
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance	31,028	45,000	(13,972)
Student transportation services			0
Central support services			0
Other support services			0
Food service operations	775,564	880,836	(105,272)
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with			
legal max			0
Adjustment for qualifying			
budget credits			0
	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenditures	<u>806,592</u>	<u>\$ 925,836</u>	<u>\$ (119,244)</u>
Receipts Over (Under) Expenditures	84,596		
Unencumbered Cash, Beginning	201,542		
Prior Year Cancelled Encumbrances	<u>          </u>		
Unencumbered Cash, Ending	<u>\$ 286,138</u>		

USD #464 TONGANOXIE, KS  
CAPITAL OUTLAY FUND  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 367,522	\$ 345,355	\$ 22,167
Delinquent tax	15,744	12,534	3,210
Motor vehicle tax	55,537	63,076	(7,539)
RV tax	874	916	(42)
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income	1,699		1,699
Miscellaneous revenues	3,235		3,235
Operating transfers	<u>400,000</u>	<u>400,000</u>	<u>0</u>
Total Cash Receipts	<u>844,611</u>	<u>821,881</u>	<u>22,730</u>
EXPENDITURES			
Instruction	(12,481)	20,000	(32,481)
Student support services			0
Instruction support staff	220,945	250,000	(29,055)
General administration			0
School administration			0
Operations and maintenance	17,715	400,000	(382,285)
Student transportation services	86,527	175,000	(88,473)
Central support services			0
Other support services	8,472	45,000	(36,528)
Food service operations			0
Student activities	24,318		24,318
Facility acquisition and construction services	522,593	610,926	(88,333)
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>868,089</u>	<u>\$ 1,500,926</u>	<u>\$ (632,837)</u>
Receipts Over (Under) Expenditures	(23,478)		
Unencumbered Cash, Beginning	685,614		
Prior Year Cancelled Encumbrances			
Unencumbered Cash, Ending	<u>\$ 662,136</u>		

USD #464 TONGANOXIE, KS  
 GIFTS & GRANTS FUND  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	Variance- (Under) <u>(Unfavorable)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>0</u>	<u>0</u>	<u>0</u>
Total Cash Receipts			
EXPENDITURES			
Instruction	5,646	15,216	(9,570)
Student transportation services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with			
legal max			0
Adjustment for qualifying			
budget credits			0
	<u>5,646</u>	<u>15,216</u>	<u>(9,570)</u>
Total Expenditures			
Receipts Over (Under) Expenditures	(5,646)		
Unencumbered Cash, Beginning	15,216		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>9,570</u>		

USD #464 TONGANOXIE, KS  
PROFESSIONAL DEVELOPMENT FUND  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Total Cash Receipts	<u>5,000</u>	<u>5,000</u>	<u>0</u>
<b>EXPENDITURES</b>			
Instruction			0
Student support services			0
Instruction support staff	37,441	51,414	(13,973)
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>37,441</u>	<u>\$ 51,414</u>	<u>\$ (13,973)</u>
Receipts Over (Under) Expenditures	(32,441)		
Unencumbered Cash, Beginning	46,414		
Prior Year Cancelled Encumbrances			
Unencumbered Cash, Ending	<u>\$ 13,973</u>		

USD #464 TONGANOXIE, KS  
 KPERS SPECIAL RETIREMENT CONTRIBUTION FUND  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants	880,019	880,036	(17)
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>880,019</u>	<u>880,036</u>	<u>(17)</u>
Total Cash Receipts			
<b>EXPENDITURES</b>			
Instruction	568,191	606,996	(38,805)
Student support services	13,252	16,380	(3,128)
Instruction support staff	33,869	34,147	(278)
General administration	28,533	17,632	10,901
School administration	63,796	61,725	2,071
Operations and maintenance	69,934	55,708	14,226
Student transportation services	44,566	42,945	1,621
Central support services			0
Other support services	24,949	11,448	13,501
Food service operations	32,929	33,055	(126)
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with			
legal max			0
Adjustment for qualifying			
budget credits			0
	<u>880,019</u>	<u>\$ 880,036</u>	<u>\$ (17)</u>
Total Expenditures			
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	0		
	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>0</u>		

USD #464 TONGANOXIE, KS  
PARENT EDUCATION FUND  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>20,000</u>	<u>20,000</u>	<u>0</u>
Total Cash Receipts	<u>20,000</u>	<u>20,000</u>	<u>0</u>
EXPENDITURES			
Instruction			0
Student support services	18,800	20,000	(1,200)
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>18,800</u>	<u>\$ 20,000</u>	<u>\$ (1,200)</u>
Receipts Over (Under) Expenditures	1,200		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	<u>          </u>		
Unencumbered Cash, Ending	<u>\$ 1,200</u>		

USD #464 TONGANOXIE, KS  
 AT RISK FUND (K-12)  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>922,689</u>	<u>937,623</u>	<u>(14,934)</u>
Total Cash Receipts	<u>922,689</u>	<u>937,623</u>	<u>(14,934)</u>
<b>EXPENDITURES</b>			
Instruction	848,121	869,523	(21,402)
Student support services			0
Instruction support staff	74,568	68,100	6,468
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>922,689</u>	<u>\$ 937,623</u>	<u>\$ (14,934)</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	<u>          </u>		
Unencumbered Cash, Ending	<u>\$ 0</u>		



USD #464 TONGANOXIE, KS  
 VIRTUAL EDUCATION FUND  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>6,825</u>	<u>27,000</u>	<u>(20,175)</u>
Total Cash Receipts	<u>6,825</u>	<u>27,000</u>	<u>(20,175)</u>
EXPENDITURES			
Instruction	6,825	27,000	(20,175)
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>6,825</u>	<u>\$ 27,000</u>	<u>\$ (20,175)</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	<u>          </u>		
Unencumbered Cash, Ending	<u>\$ 0</u>		

USD #464 TONGANOXIE, KS  
 BOND AND INTEREST FUND  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 1,387,008	\$ 1,318,570	\$ 68,438
Delinquent tax	31,328	24,154	7,174
Motor vehicle tax	131,089	146,619	(15,530)
RV tax	2,044	2,131	(87)
Federal grants			0
State aid/grants	924,661	924,661	0
Charges for services			0
Interest income			0
Miscellaneous revenues	3,972		3,972
Operating transfers			0
Total Cash Receipts	<u>2,480,102</u>	<u>2,416,135</u>	<u>63,967</u>
EXPENDITURES			
Instruction			0
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service	2,370,926	2,370,926	0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>2,370,926</u>	<u>\$ 2,370,926</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	109,176		
Unencumbered Cash, Beginning	1,231,966		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 1,341,142</u>		

USD #464 TONGANOXIE, KS  
 RECREATION COMMISSION FUND  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2014

	Actual	Budget	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 316,421	\$ 299,438	\$ 16,983
Delinquent tax	10,142	7,566	2,576
Motor vehicle tax	43,004	47,975	(4,971)
RV tax	669	697	(28)
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues		33,000	(33,000)
Operating transfers			0
Total Cash Receipts	<u>370,236</u>	<u>388,676</u>	<u>(18,440)</u>
EXPENDITURES			
Instruction			0
Student transportation services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student support services			0
Central support services			0
Community service operations	370,236	380,000	(9,764)
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>370,236</u>	<u>\$ 380,000</u>	<u>\$ (9,764)</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>		

See Note 5

USD #464 TONGANOXIE, KS  
 RECREATION COMMISSION EMPLOYEE BENEFITS FUND  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2014

	Actual	Budget	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 90,346	\$ 85,524	\$ 4,822
Delinquent tax	2,367	2,156	211
Motor vehicle tax	12,272	13,676	(1,404)
RV tax	190	199	(9)
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
Total Cash Receipts	<u>105,175</u>	<u>101,555</u>	<u>3,620</u>
EXPENDITURES			
Instruction			0
Student transportation services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student support services			0
Central support services			0
Community service operations	102,000	102,000	0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>102,000</u>	<u>\$ 102,000</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	3,175		
Unencumbered Cash, Beginning	524		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 3,699</u>		

See Note 5

USD #464 TONGANOXIE, KS  
NONBUDGETED FUNDS  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2014

	Textbook Student material Revolving	Contingency Reserve	Title 1
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Federal grants			
State aid/grants			164,001
Charges for services	93,685		
Interest income			
Miscellaneous revenues			
Operating transfers			
	<u>93,685</u>	<u>0</u>	<u>164,001</u>
<b>EXPENDITURES</b>			
Instruction	112,469		158,280
Student support services			
Instruction support staff			5,721
General administration			
School administration			
Operations and maintenance			
Student transportation services			
Central support services			
Other support services			
Food service operations			
Student activities			
Facility acquisition and construction services			
Debt service			
Operating transfers		100,000	
Adjustment for qualifying budget credits			
	<u>112,469</u>	<u>100,000</u>	<u>164,001</u>
Receipts Over (Under) Expenditures	(18,784)	(100,000)	0
Unencumbered Cash, Beginning	326,007	441,302	0
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	\$ <u><u>307,223</u></u>	\$ <u><u>341,302</u></u>	\$ <u><u>0</u></u>

USD #464 TONGANOXIE, KS  
NONBUDGETED FUNDS  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2014

	<u>Title II-A Teacher Quality</u>	<u>PEP Grant</u>	<u>Carl Perkins Grant</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Federal grants			3,680
State aid/grants	41,988		
Charges for services			
Interest income			
Miscellaneous revenues			
Operating transfers			
	<u>41,988</u>	<u>0</u>	<u>3,680</u>
Total Cash Receipts			
<b>EXPENDITURES</b>			
Instruction	41,850		4,664
Student support services			
Instruction support staff	138		
General administration			
School administration			
Operations and maintenance			
Student transportation services			
Central support services			
Other support services			
Food service operations			
Student activities			
Facility acquisition and construction services			
Debt service			
Operating transfers			
Adjustment for qualifying budget credits			
	<u>41,988</u>	<u>0</u>	<u>4,664</u>
Total Expenditures			
Receipts Over (Under) Expenditures	0	0	(984)
Unencumbered Cash, Beginning	0	0	984
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

**AGENCY FUNDS**  
**Summary of Receipts and Disbursements**  
**Regulatory Basis**  
**For the Year Ended June 30, 2014**

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Payroll Liabilities	\$ 0	\$	\$	\$ 0
High School Activity Funds				
Art Club	975	363	478	860
Band	11,343	4,574	4,305	11,612
Baseball	0	3,034	3,031	3
Benefit for Golf	139	76		215
Big Red	1	2,903	2,772	132
Builders Club	922	62	806	178
Cheerleading	1,065	14,773	12,542	3,296
Chieftain singers	12,369	37,036	39,481	9,924
Class of 2017	0	1,140		1,140
Class of 2013	1,766		1,766	0
Class of 2014	1,266	1,225	2,491	0
Class of 2015	865	4,750	3,309	2,306
Class of 2016	739	580		1,319
Cool school	2,380	2,546	2,000	2,926
Dance team	2,086	15,274	15,140	2,220
Entrepreneurship	3,070	12,221	12,989	2,302
FBLA	338	3,320	2,925	733
FCA	111			111
FCCLA	3,257	28,721	28,236	3,742
FFA	3,142	9,017	8,951	3,208
Foreign language	230		98	132
Girls letterclub	1,892	2,910	3,557	1,245
Multimedia class	365	295	100	560
National Honor Society	890	5,191	3,717	2,364
Performing Arts	2,870	9,681	7,511	5,040
Scholars Bowl	236	155	156	235
Science club	1,822	407	647	1,582
Science Olympiad	357	1,760	656	1,461
Skills	200			200
Spanish	137	1,150	1,150	137
Student activities	2,608	11,200	11,262	2,546
Student Council	3,121	4,177	4,195	3,103
Student Council R.	1,445	368	487	1,326
Tongie, Inc	1,752	7,490	6,356	2,886
T club	536			536
T-Town	1,678			1,678
THS Faculty Scholarship	500		500	0
THS Golf	11	1,336	1,209	138
Weight room	708	208	880	36
Wrestling	863	3,448	4,056	255
Yearbook	10,246	12,459	18,616	4,089
Middle School Activity Funds				
Activity	95	13,923	9,762	4,256
Band Club	700	2,396	2,199	897
Art Club	0	130	101	29
DARE	15			15
Guitar Club	0	299	119	180
Electives	190		143	47
Environmental Fund	0	470	438	32
FACS	682	1,692	1,801	573
FCCLA	794	4,307	4,890	211
Fine Arts	525	1,632	862	1,295
History	400	15,465	11,610	4,255
I/A Student resale	(17)	8,293	8,318	(42)
I/A Technology	215	188	220	183
Music	190	742	870	62
PRIDE	0			0
Science Olympiad	350	1,067	1,245	172
Spec Ed	558	672	924	306
STAR 5th Grade	115	192	141	166
STAR 6th Grade	339	107	308	138
STAR 7th Grade	0	1,665	1,620	45
STAR 8th Grade	354	1,281	270	1,365
STUCO	1,761	2,475	2,575	1,661
Yearbook	2,374	11,751	11,701	2,424
PTO Fundraiser	0	15,869	9,159	6,710
Elementary Activity Funds				
STUCO	14,114	21,305	19,109	16,310
Choir Club	0	986	986	0
Total	\$ 102,055	\$ 310,757	\$ 295,746	\$ 117,066

USD #464 TONGANOXIE, KANSAS  
DISTRICT ACTIVITY FUNDS  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2014

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Gate Receipts							
High school	\$ 18,919	\$	\$ 100,362	\$ 98,358	\$ 20,923	\$ -	\$ 20,923
Middle School	11,289		58,984	58,660	11,613	-	11,613
Subtotal Gate Receipts	30,208	0	159,346	157,018	32,536	0	32,536
School Projects							
High School							
AG Mechanics	0		1,091	1,091	0	-	-
Lunch	0				0	-	0
Industrial Arts	0		2,362	2,362	0	-	-
Library	1,805		46	37	1,814	-	1,814
Pop machine sales	753		5,185	3,639	2,299	-	2,299
Sales Tax	859		9,688	8,654	1,893	-	1,893
Special Education	72				72	-	72
Textbook	834		36,368	37,097	105	-	105
Middle School							
Admin discretion	1,560		3,955	2,837	2,678	-	2,678
Counseling	0		559	559	0	-	-
Library	524		4,664	4,513	675	-	675
MS musical	1,585		5,957	3,937	3,605	-	3,605
PE	379		1,077	975	481	-	481
Pencil money	125		551	525	151	-	151
Pep Club	473		2,655	1,787	1,341	-	1,341
Pepsi money	265		2,074	2,224	115	-	115
Sales tax	0		5,126	4,945	181	-	181
School store	1,211		1,479	1,939	751	-	751
Student emergency	2,898		2,259	2,169	2,988	-	2,988
Textbook	0		34,131	34,081	50	-	50
Elementary School							
Library	2,594		635	47	3,182	-	3,182
Lunch/Enrollment fees/	0		44,023	44,023	0	-	-
Pop machine sales	6,528		4,434	7,377	3,585	-	3,585
Activity fee	140		5,163	5,167	136	-	136
Sales tax	0		686	583	103	-	103
Subtotal School Projects	22,605	0	174,168	170,568	26,205	0	26,205
Total District Activity Funds	\$ 52,813	\$ 0	\$ 333,514	\$ 327,586	\$ 58,741	\$ 0	\$ 58,741



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**Karlin & Long, LLC**  
*Certified Public Accountants*

Board of Education  
Unified School District No. 464  
Tonganoxie, Kansas 66086

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL COMPLIANCE REPORTING AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of Unified School District No. 464, Tonganoxie, Kansas as of and for the year ended June 30, 2014, and have issued our report thereon dated November 2, 2014. In our report, our opinion was adverse due to the use of another comprehensive basis of accounting. Our report was unqualified on the regulatory basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Unified School District No. 464's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Unified School District No. 464's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in

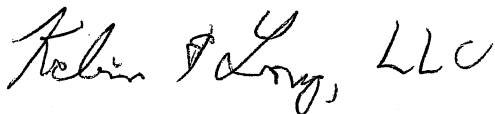
Board of Education  
Unified School District No. 464  
Tonganoxie, Kansas 66086

internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Unified School District No. 464's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the audit committee, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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Karlin & Long, LLC  
Certified Public Accountants

November 2, 2014

...KL...

**Karlin & Long, LLC**  
*Certified Public Accountants*

Board of Education  
Unified School District No. 464  
Tonganoxie, Kansas 66086

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB  
CIRCULAR A-133**

**Report on Compliance for Each Major Federal Program**

We have audited Unified School District No. 464, Tonganoxie, Kansas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Unified School District No. 464, Tonganoxie, Kansas' major federal programs for the year ended June 30, 2014. Unified School District No. 464, Tonganoxie, Kansas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Unified School District No. 464, Tonganoxie, Kansas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Unified School District No. 464, Tonganoxie, Kansas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Unified School District No. 464, Tonganoxie, Kansas' compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Unified School District No. 464, Tonganoxie, Kansas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items. Our opinion on each major federal program is not modified with respect to these matters.

Unified School District No. 464, Tonganoxie, Kansas' response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Unified School District No. 464, Tonganoxie, Kansas' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### ***Report on Internal Control Over Compliance***

Management of Unified School District No. 464, Tonganoxie, Kansas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Unified School District No. 464, Tonganoxie, Kansas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Unified School District No. 464, Tonganoxie, Kansas' internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness

in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Karlin & Long, LLC". The signature is written in a cursive, flowing style.

Karlin & Long, LLC  
Certified Public Accountants

November 2, 2014

UNIFIED SCHOOL DISTRICT NO. 464  
Tonganoxie, Kansas

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the year ended June 30, 2014

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass- Through Grantor Number	Federal Expenditures
<hr/> U.S. Department of Education <hr/>			
<b>Passed through State Department of Education:</b>			
Title I	84.010	*	\$ 164,001
Program Improvement	84.048	*	3,680
Title II	84.367	*	41,988
<hr/> U.S. Department of Agriculture <hr/>			
<b>Passed through State Department of Education:</b>			
School Breakfast Program	10.553	*	67,116
National School Lunch Program	10.555	*	327,280
Team Nutrition Training Grant	10.574	*	250
<hr/> U.S. Department of Health and Human Services <hr/>			
<b>Passed through State Department of Education:</b>			
Youth Risk Behavior Survey	93.938	*	160
Total Federal Assistance			<u><u>\$ 604,475</u></u>

\* Not available

The accompanying notes to financial statements are an integral part of this statement.

TONGANOIXE UNIFIED SCHOOL DISTRICT # 464  
Tonganoxie, Kansas

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the year ended June 30, 2014

A. Summary of Audit Results

1. The auditor's report expresses an Adverse Opinion on the financial statements of Unified School District #464 in accordance with Generally Accepted Accounting Principles. The auditor's report expresses an Unqualified Opinion on the financial statements in accordance with the regulatory basis.
2. No reportable conditions relating to the audit of the general purpose financial statements are reported in the Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on a Audit of Financial Statements Performed in accordance with Government Auditing Standards.
3. No instances of noncompliance material to the general purpose financial statements of Tonganoxie USD # 464 were disclosed during the audit.
4. The auditors' report on compliance for the major federal award programs for Tonganoxie USD # 464 expresses an unqualified opinion on all major federal programs.
5. Audit findings relative to the major federal award programs for Tonganoxie USD # 464 are reported in this schedule.
6. The programs tested as major programs included:  
Department of Education  
National School Lunch Program Cluster CFDA 10.553 to 10.557
7. Tonganoxie USD # 464 was determined to be a low-risk auditee.
8. The threshold for distinguishing types A and B programs was \$300,000.

B. Findings – Financial Statement Audit  
None

C. Findings and Questioned Costs – Major Federal Awards Programs Audit  
Department of Education  
National School Lunch Program Cluster CFDA 10.553 to 10.557

No findings of noncompliance or questioned costs were noted.

The accompanying notes to financial statements are an integral part of this statement

UNIFIED SCHOOL DISTRICT NO. 464  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2014

**2014-001 Financial Reporting**

***Criteria*** – All school districts are required to prepare financial statements in accordance with the basis of accounting adopted. This is a responsibility of the District's management. The preparation of financial statements requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including note disclosures (i.e., external financial reporting).

***Condition*** – As in the case with many smaller and medium sized entities, the District has historically relied on its independent external auditors to assist in the preparation of the government-wide fund and fund financial statements, including note disclosures, as part of the external financial reporting process. Accordingly, the District's ability to prepare financial statements is based, in part, on its external auditors, who cannot by definition be considered a part of the District's internal controls financial reporting.

***Cause*** – Management has made the decision that it is in their best interest to outsource the preparation of its annual financial statements to the external auditors rather than incur the time and expense of obtaining the necessary training and expertise require for the district to perform this task internally.

***Effect of Condition*** – As a result of this condition, the District lacks internal controls over the preparation of financial statements, including note disclosures, in accordance with the basis of accounting adopted, and instead relies, in part, on its external auditors for assistance with this task.

***Recommendation*** – we recognize that the district may not have the resources to have an accounting personnel to prepare government – wide and fund financial statements, including note disclosures, in conformity with the adopted basis of accounting. However, we recommend that management continue to increase their knowledge of financial reporting.

***View of Responsible Officials*** – The District has evaluated the benefit of establishing internal controls over the preparation of financial statements, including note disclosures, and determined that it is their best of the District to outsource this task to its external auditors, and to carefully review the draft financial statements, including note disclosures, prior to approving them and accepting responsibility for their content and preservation.

***Management's Response (Unaudited)*** – The district believes that outsourcing the financial statement presentation is acceptable in the circumstances.



TONGANOXIE UNIFIED SCHOOL DISTRICT NO. 464  
Tonganoxie, Kansas

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
June 30, 2014

**NOTE 1 – Basis of Accounting**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Unified School District No. 464 Tonganoxie, Kansas and is presented on the statutory basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Statutory Basis of Accounting** – The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

Unified School District No. 464 has obtained a waiver from generally accepted accounting principles which allows the district to revert to statutory basis of accounting.

**Departure from Generally Accepted Accounting Principles** – The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and mature principal and interest payable, and reservations of the fund balance are not presented. Under generally accepted accounting principles, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles.

TONGANOXIE UNIFIED SCHOOL DISTRICT NO. 232  
Tonganoxie, Kansas

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

June 30, 2014

**NOTE 1 – Basis of Accounting (continued)**

**Departure from Generally Accepted Account Principles (ctd.)** - General fixed assets that account for the land, buildings, and equipment owned by the district are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

**NOTE 2 – Pass-Through Awards**

Unified School District No. 464 receives certain federal awards in the form of pass-through awards from the State of Kansas. Such amounts received as pass-through awards are specifically identified on the Schedule of Expenditures of Federal Awards.

**NOTE 3 – Major Programs**

In accordance with OMB Circular A-133, major programs are determined using a risk-based approach. The National School Lunch Programs have been determined by the independent auditor to be a major program.

**NOTE 4 – Contingencies**

The District receives funds under various federal grant programs and such awards are to be expended in accordance with provisions of the various grants. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of non-compliance. Managements believes that they have complied with all aspects of the various grant provisions and the results of adjustments, if any, relating to such audits would not have any material financial impact.